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OCT 18 2010

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD

CNA

40 Wall Street - 9th Floor
New York, New York 10005

FILED

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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

John Lockhart
Regulatory Filings Technician
P & C State Filing Unit
CNA Global Specialty Lines
Telephone: 212-440-3270
Facsimile: 212-440-2877
email john.lockhart@cna.com

October 12, 2010

Director of Insurance
Illinois Department of Financial and Professional Regulation
Division of Insurance
Property and Casualty Compliance Unit
320 W Washington St
Springfield IL 62767-0001

RE: *American Casualty Company of Reading, PA NAIC#218-20427 FEIN#23-0342560* ✓
Magaw Healthcare Professionals Purchasing Group Association
Certified Registered Nurses Anesthetists Professional Liability Insurance
Form and Rule Filing
Our Filing No.: 10-00121-FL

Honorable Director:

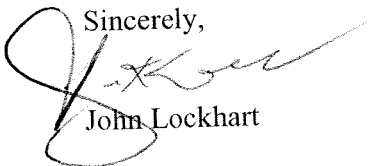
On behalf of American Casualty Company of Reading, PA we hereby submit for your review and approval the attached forms and rules for use with our Certified Registered Nurses Anesthetists Professional Liability Program currently on file with your department.

Attached for your review are:

- Copies of the three new optional endorsements;
- The forms filing memorandum that provides details regarding the three new forms;
- The revised 2010 CW manual pages that reflect changes as reflected in the Actuarial Memorandum; and
- The Actuarial memorandum.

These changes will become applicable to all policies effective on or after December 1, 2010, or the earliest date permitted by your state.

Sincerely,


John Lockhart

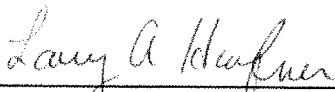
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ILLINOIS CERTIFICATION FOR
MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Larry Haefner, a duly authorized officer of American Casualty Company of Reading, PA, am authorized to certify on behalf of the company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are subject to this filing.

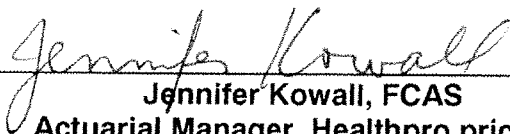
I, Jennifer Kowall, a duly authorized actuary of CNA Insurance Companies, am authorized to certify on behalf of American Casualty Company of Reading, PA making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are subject to this filing.



Larry Haefner, FCAS
Chief Actuary

10/4/10
Date

Signature and Title of Authorized Insurance Company Officer



Jennifer Kowall, FCAS
Actuarial Manager, Healthpro pricing
Signature and Title of Authorized Actuary

10/4/10
Date

Insurance Company FEIN 23 - 0342560

Filing Number 10-00121-RL

Insurer's Address CNA Insurance Companies, 333 S. Wabash Ave

City Chicago State IL Zip Code 60604

Contact Person's:

- Name and E-mail Jennifer Kowall Jennifer.Kowall@cna.com

- Direct Telephone and Fax Number 312/822-2188

RATE/RULE FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes rate-related items such as Rate; Rule; Rate & Rule; Reference; Loss Cost; Loss Cost & Rule or Rate, etc.)

(Do not refer to the body of the filing for the component/exhibit listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	10-00121RL
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2.	This filing corresponds to form filing number (Company tracking number of form filing, if applicable)	
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☐ Rate Increase ☐ Rate Decrease ☒ Rate Neutral (0%)

3.	Filing Method (Prior Approval, File & Use, Flex Band, etc.)	File and use
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4a.	Rate Change by Company (As Proposed)						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)
ACCO	0%	0%	0	0	697,831	0%	0%

4b.	Rate Change by Company (As Accepted) For State Use Only						
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Company Name	Overall % Indicated Change (when applicable)	Overall % Rate Impact	Written premium change for this program	# of policyholders affected for this program	Written premium for this program	Maximum % Change (where required)	Minimum % Change (where required)

Overall Rate Information (Complete for Multiple Company Filings only)			
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		COMPANY USE	STATE USE
5a.	Overall percentage rate indication (when applicable)		
5b.	Overall percentage rate impact for this filing		
5c.	Effect of Rate Filing – Written premium change for this program		
5d.	Effect of Rate Filing – Number of policyholders affected		

6.	Overall percentage of last rate revision	3.0%
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7.	Effective Date of last rate revision	11/1/2007
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8.	Filing Method of Last filing (Prior Approval, File & Use, Flex Band, etc.)	Prior Approval
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9.	Rule # or Page # Submitted for Review	Replacement or Withdrawn?	Previous state filing number, if required by state
01	Countrywide Manual	<input type="checkbox"/> New <input checked="" type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
02		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	
03		<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn	

ILLINOIS DEPARTMENT OF INSURANCE SUMMARY SHEET

Change in Company's premium or rate level produced by rate revision effective 12/1/2010 New & Renewal

(1) <u>Coverage</u>	(2) <u>Annual Premium Volume (Illinois)*</u>	(3) <u>Percent Change (+ or -)**</u>
1. Automobile Liability Private Passenger Commercial		
2. Automobile Physical Damage Private Passenger Commercial		
3. Liability Other Than Auto		
4. Burglary and Theft		
5. Glass		
6. Fidelity		
7. Surety		
8. Boiler and Machinery		
9. Fire		
10. Extended Coverage		
11. Inland Marine		
12. Homeowners		
13. Commercial Multi-Peril		
14. Crop Hail		
15. Other <u>Medical Malpractice</u>	<u>\$697,831</u>	<u>0%</u>
Line of Insurance		

Does filing only apply to certain territory (territories) or certain classes? If so, specify: No

Brief description of filing. (If filing follows rates of an advisory organization, specify organization): _____

1) We are filing to new conversion options that will benefit the insured.

2) We are filing a new optional credit if a non-needle reuse endorsement is signed.

*Adjusted to reflect all prior rate changes.

**Change in Company's premium level which will result from application of new rates.

American Casualty Company of Reading, PA

Name of Company

Jennifer Kowall, FCAS
Manager, Healthpro Pricing

Actuarial

Official – Title

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OCT 18 2010

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD

American Casualty Company of Reading, PA
Nurse Anesthetist Professional Liability
MAGAW Healthcare Professionals Purchasing Group Association

Actuarial Memorandum
2010 Filing

American Casualty Company of Reading, Pennsylvania ("CNA") proposes the following changes to the Nurse Anesthetist Professional Liability Program ("the Program") in order to remain market competitive.

These changes will not result in a **rate impact**.

- Page 5, section XVIII - E (Prior Acts Coverage):

This subsection is added to offer prior acts coverage to qualifying insureds who wish to switch from a claims-made policy to an occurrence policy at no additional charge.

- Page 8, section XIX – M (Rate Modifications):

We are adding a convertible option rating plan for those insureds who wish to switch from claims-made to occurrence coverage but do not qualify for the rule added on page 5, section XVIII – E. This section is identical to a previously approved competitor filing from The Medical Protective Company, Fort Wayne Indiana.

- Page 8, section XIX – N (Rate Modifications):

This safe practices credit is new. The 5% optional credit is identical to a previously approved competitor filing from The Medical Protective Company, Fort Wayne Indiana. When selected, form GSL21566XX will be attached.

The proposed countrywide rate manual has been attached. It is dated 09/2010.

Actuarial Contact Information:

Jennifer Kowall, FCAS
312-822-2188
Jennifer.Kowall@CNA.com

COMPANY PAGES
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA

I. APPLICATION OF MANUAL RULES

- A. The rules contained in these pages shall govern the writing of professional liability policies for Certified Registered Nurse Anesthetists, CRNA, or nurse anesthetist.
- B. The rules, rates, rating plans and forms filed on behalf of the Company, and not in conflict herewith, shall govern in all cases not specifically provided for herein.

II. POLICY TERM

Policies may be written for a term of one year, and renewed annually thereafter.

III. PREMIUM COMPUTATION

- A. Compute the premium at policy inception using the rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.
- B. Prorate the premium when a policy is issued for other than a whole year.
- C. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

IV. FACTORS OR MULTIPLIERS

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

V. WHOLE DOLLAR RULE

In the event the rating procedure does not result in a whole dollar:

- A. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- B. any amount involving \$.49 or less shall be rounded down to the next lower whole dollar amount.

VI. ADDITIONAL PREMIUM CHARGES

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

VII. RETURN PREMIUM

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata and round in accordance with the Whole Dollar Rule when any coverage or exposure is deleted or an amount of insurance is reduced.

VIII. PREMIUM PAYMENT PLAN

The Company may, at its discretion, offer to the named insured various premium payment options, ranging from monthly to annual payment plans. Some of the premium payment plans may result in a service fee.

IX. POLICY CANCELLATIONS

Return premium will be computed pro-rata in accordance with the Whole Dollar Rule using the rules, rates and rating plans in effect at the inception of this policy period.

COMPANY PAGES
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA

X. COVERAGE

The following describes coverage that will be provided:

- A. Professional Liability on an occurrence or claims-made basis;
- B. Disciplinary Hearing or Proceedings reimbursement for legal defense costs, wage loss, travel, food and lodging;
- C. Defendant Expense Benefit; including wage loss, travel, food and lodging reimbursement; and
- D. Deposition Representation; for attorney fees.

XI. BASIC LIMITS OF LIABILITY

The basic limits of liability for individual nurse anesthetists are described below. When eligible, professional liability limits can be increased applying an increased limit factor, listed separately in these pages. The disciplinary hearings & proceedings, defendant expense benefit and deposition representation limits of liability are not subject to increase, and are as follows:

Coverage	Limits of Liability	
Professional Liability	\$ 100,000 each claim	\$ 300,000 aggregate
Disciplinary Hearings & Proceedings	\$ 10,000 per proceeding	\$ 25,000 aggregate
Defendant Expense Benefit	\$	\$ 10,000 aggregate
Deposition Representation	\$ 2,500 per deposition	\$ 5,000 aggregate

XII. INCREASED LIMITS OF PROFESSIONAL LIABILITY

Professional Liability base rates are derived using the claims made \$100,000/\$300,000 rate. When higher limits are requested, and available, the following factors will be applied to the base rate:

Limits of Liability	Increased Limit Factor
\$100,000/\$300,000	1.00
\$200,000/\$600,000	1.26
\$250,000/\$750,000	1.37
\$500,000/\$1,000,000	1.74
\$1,000,000/\$1,000,000	2.06
\$1,000,000/\$3,000,000	2.17
\$1,000,000/\$5,000,000	2.24

XIII. RESTRICTIONS OF COVERAGE OR INCREASED RATE

Subject to individual state regulations, policies may be issued with special restrictions or at increased premium if:

- A. the insured agrees in writing; and
- B. the policy would not be written otherwise.

XIV. CALCULATION OF CLAIMS-MADE PREMIUM

- A. The annual claims made base rate for each nurse anesthetist is stated on the applicable State Rate page.

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MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA

B. The claims made step factor for each nurse anesthetist shall be determined as follows:

1. If the nurse anesthetist is just entering practice, or the nurse anesthetist has continuously been insured under an occurrence policy, enter the step rate factor from the table at the year one (1) level.
2. If the nurse anesthetist has been insured under a claims-made policy, for one or more years immediately preceding the effective date of this coverage, or for reasons acceptable to the Company, had been uninsured, the following procedure shall apply:
 - a. determine the number of years in which the nurse anesthetist was covered under such claims-made policy(ies);
 - b. determine the number of years in which the nurse anesthetist was uninsured;
 - c. the sum of years developed in a. and b. shall be the base exposure. Fractional years of six months or more of base exposure shall be rounded to the next higher year; less than six months shall be rounded to the next lower year;
 - d. the sum of years developed in c. above shall be the Years of Prior Exposure. The table is entered at the total prior Years of Exposure, plus one.

The factors in the following table shall be applied to the full time rate, found on the State Page:

Step Rate Factors				
Year 1	Year 2	Year 3	Year 4	Year 5
.55	.80	.95	.99	1.00

C. Claims made premium is the result of (claims made base rate) X (increased limit factor) X (Step Rate Factor).

XV. CALCULATION OF OCCURRENCE PREMIUM

- A. The claims made annual base rate for each nurse anesthetist is stated on the applicable State Rate Page.
- B. A factor of **1.02** will be applied to the claims made rate to derive an occurrence rate when the occurrence coverage form is used.
- C. Occurrence premium is the result of (claims made base rate) X (increased limit factor) X (1.02).

XVI. ISO CLASSIFICATION CODES

Medical Specialty: Certified Registered Nurse Anesthetist

Specialty Code: 80960

XVII. EXTENDED REPORTING PERIOD COVERAGE (Claims Made Only)

If this policy is cancelled or non-renewed and subject to the following provisions, an extension period, for the purpose of reporting a claim, will be provided automatically for 60 days, and may be extended beyond that as governed by the following rules:

- A. The limits of liability may not exceed those afforded under the terminating policy.
- B. Extended Reporting Period Coverage will be available to the named insured shown on the certificate of insurance.

COMPANY PAGES
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA

- C. Should the named insured terminate coverage under this policy, and desire Extended Reporting Period Coverage beyond the automatic 60 days, notice must be given to the Company, along with payment of the applicable premium, within 60 days.
- D. The factor of **1.00** will be applied to the claims made rate in effect at the beginning of the current policy period to determine the ERP charge.
- E. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be waived and Extended Reporting Period Coverage will be granted for no additional charge.
- F. Upon termination of coverage under this policy by reason of disability by the named insured, Extended Reporting Period Coverage will be granted for no additional charge provided that, during the policy period, total and permanent disability occurs.
- F. Upon termination of coverage under this policy by reason of retirement, the named insured will be granted ERP at a discounted rate, subject to the ERP provisions of this policy and per the following schedule, provided that during the policy period, the named insured:
 - 1. retires; and
 - 2. is 55 years of age or older and has been consecutively insured by this Company for at least 1 year of claims-made coverage

Consecutive Years of Coverage	Discount
1	20%
2	40%
3	60%
4	80%
5	FREE

- G. The prior acts date of coverage with this Company will determine the years of prior exposure for Extended Reporting Period Coverage.
- H. Premium must be paid promptly when due.
- I. In the event the policy is canceled, any return premium due the named insured shall be credited toward the premium for Extended Reporting Period Coverage, if the named insured elects this coverage. If any premium is due for the period of time between the earlier of the policy's Prior Acts date or effective date and the termination date, any monies received by the Company from the named insured shall first be applied to the premium owing for the policy and then to the Extended Reporting Period Coverage.
- J. There is no right to any extended reported period coverage if this policy is cancelled for non payment of premium, non compliance with any of the terms and condition of this policy or for any misrepresentation or omission in the application for this policy.
- K. When an individual nurse anesthetist chooses to change their practice from full time to part time, a conversion charge, equal to 50% of the extended reporting charge, will apply.

XVIII. PRIOR ACTS COVERAGE (Occurrence only)

The policy may be extended to provide prior acts coverage as follows:

- A. The prior acts period may not exceed the term immediately preceding coverage under this policy during which similar coverage was continuously provided under a claims made policy,

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MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA

nor shall limits of liability exceed those of the claims-made policy or the occurrence policy to which the prior acts endorsement shall be applied.

- B. The premium for Prior Acts Coverage is a one time only charge calculated by applying the applicable factor from the table shown below to the \$100,000/300,000 non discounted base rate from the State Rate Page applicable to this policy.
- C. If the limit of liability under this coverage is other than \$100,000/300,000 claims made, premium developed under B above shall be adjusted by the appropriate increased limits factor and occurrence if applicable.
- D. The premium can be charged annually, but calculated in advance:
1. Enter the Table at the appropriate Prior Acts Period; and
 2. Apply factor which corresponds to the desired number of years prior acts to the premium calculated above.

Prior Acts Period	1 st Year	2 nd Year	3 rd Year	Prepaid Factors
1 year prior	.36	.19	.10	.62
2 years prior	.48	.25	.14	.82
3 years prior	.51	.27	.15	.88
4 years prior	.53	.28	.15	.90
More than 4 years	.54	.28	.16	.92

- E. The prior acts charge will be waived when the insured chooses to convert an in-force claims-made policy to an occurrence policy subject to the following:
1. No professional liability claims reported during the five years immediately preceding the effective date of occurrence coverage; and
 2. Any lapse in professional liability coverage with the Company does not exceed one year; and
 3. Payment in full of the applicable annual occurrence renewal premium.

XIX. RATE MODIFICATIONS

When a nurse anesthetist qualifies for more than one of the following rate modifications, the modification which results in the largest rate benefit to the nurse anesthetist should typically be applied. It is not the intent for more than one of the following rate modifications to be applied to the same insured during any single policy period.

A. Employed Coverage

Individual nurse anesthetists working solely for, or on behalf of their employer, are eligible for restricted coverage, and a rate credit of 33% of their applicable base rate. This credit is not available to entities.

B. Entity Coverage

It shall be permissible to provide coverage for eligible entities (sole proprietorship, partnership, corporation, S corporation, professional association or professional corporation) for liability arising from the practice of member nurse anesthetists insured by the Company. Such coverage may be provided either:

COMPANY PAGES
MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA

1. On a shared limit liability basis with the nurse anesthetist, in which case no additional premium shall be charged; or
2. On a separate limit of liability basis. The limit of liability shall be equal to the highest limits provided to any one individual nurse practitioner. Additional premium shall be 10% of the total developed professional liability premium for each nurse anesthetist.

C. Locum Tenens

Coverage may be available to temporarily substitute for an insured nurse anesthetist, at shared limits of liability-, for no additional premium charge.

D. Moonlighting

Individual nurse anesthetists, who are employed full time and performing their professional services in a non employed capacity less than 1001 hours annually, may be eligible for an exclusion of coverage for their employed activities at a reduced premium.

The credit would be applied as follows:

Up to 500 hours annually in a non employed capacity	65% credit
Up to 1000 hours annually in a non employed capacity	50% credit

E. Multiple State Practice

If a nurse anesthetist works in up to ~~three (3)~~ four (4) different states during the policy period, rates will be calculated as follows to determine a blended rate:

1. Determine the percentage of practice in each state;
2. Multiply the applicable state rate to the percentage of practice;
3. Add the result to determine the blended rate.

~~When a nurse anesthetists works in four (4) or more states, determine the blended rate as describe above. The remaining percentage should be multiplied or when countrywide coverage is requested by the highest rate of all states in which the nurse anesthetist practices. This result should be added to the blended rate determined above to calculate a total base rate for this that allows the nurse anesthetist to waive notice to Company regarding state specific practice information, a flat rate will be assessed equal to the highest nurse anesthetist rate the Company has on file in any US jurisdiction.~~

F. New Graduate Discount

An individual nurse anesthetist, who has completed post graduate training within the previous twelve (12) months, and who is first entering full time practice is eligible for a discount as follows:

Year1: 50% credit
Year2: 25% credit

The above credit does not apply if part time credit is also given.

G. Part Time

Individual nurse anesthetists working 20 or fewer hours per week (less than 1001 hours annually) may be eligible for a rate reduction of 50%.

H. Leave of Absence

Individual nurse anesthetists who must interrupt their practice but maintain an active license for a period of three (3) to twelve (12) months may be eligible for an 80% premium credit for

COMPANY PAGES
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AMERICAN CASUALTY COMPANY OF READING, PA

the interruption period. The reduced rate may be applied retroactively to the first day of practice interruption if the Company is notified within ten (10) days. If the Company is notified at a later date, the discount may be applied as of the date the Company receives notice. This credit will not apply to entities.

I. Slot Rating

An entity may use multiple nurse anesthetists contiguously to fill a single full time position, 2000 hours or less annually. A slot rate is equivalent to one full time rate. All of the individuals included in a single slot share a common retroactive date and share a single set of limits. A maximum of ten (10) individuals can be named within a single slot.

J. Schedule Rating

Based on the following risk characteristics, the maximum debit or credit produced by the addition of the debit and/or credit will not exceed 25%.

	<u>CREDIT</u>	<u>DEBIT</u>
1. Procedure Mix	0 – 25%	0 - 25%
Applicable to insureds whose procedures or practice specialties are primarily concentrated in areas other than their practice classification and/or specialty.		
2. Exposure Modification	0 - 25%	0 - 25%
Applicable to those insureds who have an increased or reduced exposure.		
3. Unusual Risk Characteristics	0 - 25%	0 – 25%

K. Vicarious Liability

An individual or entity may be eligible for vicarious professional liability coverage, on a shared limit basis, subject to a rate of 10% - 40% of the policy's professional liability premium.

L. Surcharges

A surcharge of the developed premium, before credits and debits, will apply when any of the following practice characteristics are present. The total of all surcharges will not exceed 25%.

1. Non Hospital Setting – A surcharge will apply to any individual or entity when a percentage of professional services are provided in a non hospital setting, as follows:

1% to 25%	10% surcharge
26% to 50%	15% surcharge
51% and greater	25% surcharge

2. High Risk Procedures – A surcharge will apply to any individual or entity when a percentage of the following high risk procedures are performed in a non hospital setting as follows:

Plastic/Cosmetic procedures to 25%	10% surcharge
Plastic/Cosmetic procedures 26% to 50%	15% surcharge
Plastic/Cosmetic procedures exceed 50%	25% surcharge
OB/GYN Services to 50%	15% surcharge
OB/GYN Services exceed 50%	25% surcharge

COMPANY PAGES
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AMERICAN CASUALTY COMPANY OF READING, PA

3. Practice Locations - A surcharge will apply to any individual or entity when professional services are provided in more than a single practice location as follows:

2 Locations	5% surcharge		5 Locations	20% surcharge
3 Locations	10% surcharge		6 or more locations	25% surcharge
4 Locations	15% surcharge			

4. Designated Recovery Area - A surcharge of 25% will apply to any individual or entity that indicates professional services are provided in a non hospital setting with no designated recovery area.
5. Background Review – A surcharge of 25% will apply to any individual or entity that indicates a history of license or certification issues, claims experience or chemical/substance abuse.

M. Convertible Option Rating Plan

Insured shall be provided this option, subject to underwriting guidelines, to convert from standard claims-made to occurrence coverage. The insured shall be eligible for conversion after the following conditions have been met:

- Payment to the company of the applicable premium for a minimum of two claims-made policies.
- Achieve two years of continuous claims-made coverage under this plan with no claims* attributed to the insured.

* A claim under this plan shall not be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.

At the time the aforementioned conditions are met, and the insured elects to purchase occurrence coverage, the Company will issue an extension contract, covering services subsequent to the retroactive date and prior to the expiration of the claims-made policy, and will waive any premium that would normally be due for such extension.

The applicable premium under this plan shall be equal to the 100% of the manual occurrence premium that would otherwise be derived for the insured under this program. Should the insured be unable to meet the conditions for conversion, the insured may elect to purchase an extension contract subject to policy provisions. Refer to section XVII (Extended Reporting Period) to determine the applicable premium.

N. Safe Practice Credit

Individual nurse anesthetists will be eligible for a 5% credit when electing not to reuse needles, syringes or any parenteral device or supply used to inject medication or administer substance in contravention of the manufacturer's instruction or pertinent guidelines promulgated by the Center for Disease Control and Prevention or other state or federal agency or governmental authority.

Neuman, Gayle

From: Lockhart,John C. [John.Lockhart@CNA.com]
Sent: Friday, December 10, 2010 10:34 AM
To: Neuman, Gayle
Subject: RE: American Casualty Co of Reading, PA - Rate/Rule Filing #10-00121-FL

Dear Ms. Neuman

Thank you for your email of 12/3/10. In response, please note that the Insurance Services Office (ISO) is our statistical agent.

Thank you.

John Lockhart

:

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Friday, December 10, 2010 10:42 AM
To: Lockhart,John C.
Subject: FW: American Casualty Co of Reading, PA - Rate/Rule Filing #10-00121-FL

Your prompt attention is appreciated – encrypted e-mails will not be accepted.

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Neuman, Gayle
Sent: Friday, December 03, 2010 10:22 AM
To: 'Lockhart,John C.'
Subject: American Casualty Co of Reading, PA - Rate/Rule Filing #10-00121-FL

Mr. Lockhart,

The Department received the above referenced filing on October 18, 2010.

Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

Your prompt attention is appreciated.

Gayle Neuman

Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at www.insurance.illinois.gov.

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Neuman, Gayle

From: Robinson, Sharon [Sharon.Robinson2@cna.com]
Sent: Friday, December 10, 2010 10:46 AM
To: Neuman, Gayle
Cc: Lockhart, John C.
Subject: FW: American Casualty Co of Reading, PA - Rate/Rule Filing #10-00121-FL

Please see on behalf of John Lockhart. Please let me know if it is still encrypted.

From: Lockhart, John C.
Sent: Friday, December 10, 2010 11:44 AM
To: Robinson, Sharon
Subject: FW: American Casualty Co of Reading, PA - Rate/Rule Filing #10-00121-FL

From: Lockhart, John C.
Sent: Monday, December 06, 2010 11:30 AM
To: 'Neuman, Gayle'
Subject: RE: American Casualty Co of Reading, PA - Rate/Rule Filing #10-00121-FL

Ms. Neuman:

Thank you for your email of 12/3/10. In response, please note that the Insurance Services Office (ISO) is our statistical agent.

Thank you.

John Lockhart

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Friday, December 03, 2010 11:22 AM
To: Lockhart, John C.
Subject: American Casualty Co of Reading, PA - Rate/Rule Filing #10-00121-FL

Mr. Lockhart,

The Department received the above referenced filing on October 18, 2010.

Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

Your prompt attention is appreciated.

Gayle Neuman

Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

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Neuman, Gayle

From: Lockhart, John C. [John.Lockhart@CNA.com]
Sent: Wednesday, February 09, 2011 7:51 AM
To: Neuman, Gayle
Subject: RE: 10-00121-L

Ms. Neuman:

Once again I apologize for the confusion. We can live with March 1, 2011, if the filing is already stamped.

Thank you for your infinite patience with us. I am so sorry. I understand that we can now make both form and rate/rule filings for Med-Mal on SERFF so that should help prevent future errors on our part.

John

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Wednesday, February 09, 2011 8:45 AM
To: Lockhart, John C.
Subject: RE: 10-00121-L

So, in fact, you are now requesting the March 1, 2011 for rate/rule filing #10-00121-FL be changed back to February 1, 2011? After the filing is stamped, I cannot keep changing the effective date as it changed three different times yesterday. Please confirm.

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Lockhart, John C. [mailto:John.Lockhart@CNA.com]
Sent: Tuesday, February 08, 2011 1:47 PM
To: Neuman, Gayle
Subject: RE: 10-00121-L

Ms. Neuman:

Thank you for your email message. Please note that the filing is in two portions: the forms portion under 10-00121-F and the rules portion under 10-00121-L. Both portions make up 10-00121-FL. If previously, I have inadvertently titled the rules portion as 10-00121-FL, I apologize for that, and request that it be referred to as 10-00121-L.

Finally, the date we are requesting now is February 1, 2011.

We're sorry for any inconvenience and appreciate your patience.

Thank you

John Lockhart

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, February 08, 2011 2:33 PM
To: Lockhart, John C.
Subject: FW: 10-00121-L

Please reply to the below e-mail.

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Neuman, Gayle
Sent: Monday, January 24, 2011 9:10 AM

To: 'Lockhart,John C.'
Subject: RE: 10-00121-L

Mr. Lockhart,

Are you referring to filing #10-00121-FL for American Casualty Company of Reading, PA? The original effective date requested was 12/01/10. What is the date you are requesting now?

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Lockhart,John C. [<mailto:John.Lockhart@CNA.com>]
Sent: Friday, January 21, 2011 2:33 PM
To: Neuman, Gayle
Subject: 10-00121-L

January 21, 2011

Ms. Neuman:

We want to begin using this rate/rule filing [10-00121-L] under the file and use laws in Illinois. Please note that we responded to an objection from you for this rate/rule filing on December 14, 2010.

We understand that you can come to us with any further issues or concerns as you continue your review of this rate/rule filing.

Please let us know if we can begin using this rate/rule filing.

Thank you.

JC Lockhart

CNA

Global Specialty Lines
P&C State Filing Unit
40 Wall Street, 9th Floor
New York, NY 10005
Phone: 212.440.3270
Fax: 312.260.4607

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Neuman, Gayle

From: Lockhart, John C. [John.Lockhart@CNA.com]
Sent: Tuesday, February 08, 2011 8:28 AM
To: Neuman, Gayle
Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00121-FL

Ms. Neuman:
The filing was not put into effect on December 1, 2010.
We now request an effective date of March 1, 2011.
Thank you
John Lockhart

JC Lockhart
CNA
Global Specialty Lines
P&C State Filing Unit
40 Wall Street, 9th Floor
New York, NY 10005
Phone: 212.440.3270
Fax: 312.260.4607
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From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, February 08, 2011 9:22 AM
To: Lockhart, John C.
Subject: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00121-FL

Mr. Lockhart,

The Department of Insurance completed its review of the filing referenced above on February 7, 2011. Originally, American Casualty Company of Reading, PA requested the filing be effective December 1, 2010. Was the filing put in effect on December 1, 2010 or do you wish to have a different effective date?

Your prompt response is appreciated.

Gayle Neuman

Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

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Neuman, Gayle

From: Lockhart, John C. [John.Lockhart@CNA.com]
Sent: Tuesday, February 08, 2011 8:52 AM
To: Neuman, Gayle
Subject: RE: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00121-FL

Hi Gayle

Please disregard my previous email. Earlier I requested an effective date of 3/1/11. We are now in fact, requesting an effective date of February 1, 2011.

I apologize for the confusion.

Thank you

John Lockhart

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Tuesday, February 08, 2011 9:22 AM
To: Lockhart, John C.
Subject: American Casualty Company of Reading, PA - Rate/Rule Filing #10-00121-FL

Mr. Lockhart,

The Department of Insurance completed its review of the filing referenced above on February 7, 2011. The Director Originally, American Casualty Company of Reading, PA requested the filing be effective December 1, 2010. Was the filing put in effect on December 1, 2010 or do you wish to have a different effective date?

Your prompt response is appreciated.

Gayle Neuman

Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

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MAGAW HEALTHCARE PROFESSIONALS PURCHASING GROUP ASSOCIATION
AMERICAN CASUALTY COMPANY OF READING, PA

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

I. APPLICATION OF MANUAL RULES

- A. The rules contained in these pages shall govern the writing of professional liability policies for Certified Registered Nurse Anesthetists, CRNA, or nurse anesthetist.
- B. The rules, rates, rating plans and forms filed on behalf of the Company and not in conflict herewith, shall govern in all cases not specifically provided for herein.

II. POLICY TERM

Policies may be written for a term of one year, and renewed annually thereafter.

III. PREMIUM COMPUTATION

- A. Compute the premium at policy inception using the rates and rating plans in effect at that time. At each renewal, compute the premium using the rules, rates and rating plans then in effect.
- B. Prorate the premium when a policy is issued for other than a whole year.
- C. Premiums are calculated as specified for the respective coverage. Premium rounding will be done at each step of the computation process in accordance with the Whole Dollar Rule, as opposed to rounding the final premium.

IV. FACTORS OR MULTIPLIERS

Wherever applicable, factors or multipliers are to be applied consecutively and not added together.

V. WHOLE DOLLAR RULE

In the event the rating procedure does not result in a whole dollar:

- A. any amount involving \$.50 or over shall be rounded to the next highest whole dollar amount;
- B. any amount involving \$.49 or less shall be rounded down to the next lower whole dollar amount.

VI. ADDITIONAL PREMIUM CHARGES

- A. Prorate all changes requiring additional premium.
- B. Apply the rates and rules that were in effect at the inception date of this policy period. After computing the additional premium, charge the amount applicable from the effective date of the change.

VII. RETURN PREMIUM

- A. Compute return premium at the rates used to calculate the policy premium at the inception of this policy period.
- B. Compute return premium pro rata and round in accordance with the Whole Dollar Rule when any coverage or exposure is deleted or an amount of insurance is reduced.

VIII. PREMIUM PAYMENT PLAN

The Company may, at its discretion, offer to the named insured various premium payment options, ranging from monthly to annual payment plans. Some of the premium payment plans may result in a service fee.

IX. POLICY CANCELLATIONS

Return premium will be computed pro-rata in accordance with the Whole Dollar Rule using the rules, rates and rating plans in effect at the inception of this policy period.

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AMERICAN CASUALTY COMPANY OF READING, PA

X. COVERAGE

The following describes coverage that will be provided:

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

- A. Professional Liability on an occurrence or claims-made basis;
- B. Disciplinary Hearing or Proceedings reimbursement for legal defense costs, wage loss, travel, food and lodging;
- C. Defendant Expense Benefit; including wage loss, travel, food and lodging reimbursement; and
- D. Deposition Representation; for attorney fees.

XI. BASIC LIMITS OF LIABILITY

The basic limits of liability for individual nurse anesthetists are described below. When eligible, professional liability limits can be increased applying an increased limit factor, listed separately in these pages. The disciplinary hearings & proceedings, defendant expense benefit and deposition representation limits of liability are not subject to increase, and are as follows:

Coverage	Limits of Liability	
Professional Liability	\$ 100,000 each claim	\$ 300,000 aggregate
Disciplinary Hearings & Proceedings	\$ 10,000 per proceeding	\$ 25,000 aggregate
Defendant Expense Benefit	\$	\$ 10,000 aggregate
Deposition Representation	\$ 2,500 per deposition	\$ 5,000 aggregate

XII. INCREASED LIMITS OF PROFESSIONAL LIABILITY

Professional Liability base rates are derived using the claims made \$100,000/\$300,000 rate. When higher limits are requested, and available, the following factors will be applied to the base rate:

Limits of Liability	Increased Limit Factor
\$100,000/\$300,000	1.00
\$200,000/\$600,000	1.26
\$250,000/\$750,000	1.37
\$500,000/\$1,000,000	1.74
\$1,000,000/\$1,000,000	2.06
\$1,000,000/\$3,000,000	2.17
\$1,000,000/\$5,000,000	2.24

XIII. RESTRICTIONS OF COVERAGE OR INCREASED RATE

Subject to individual state regulations, policies may be issued with special restrictions or at increased premium if:

- A. the insured agrees in writing; and
- B. the policy would not be written otherwise.

XIV. CALCULATION OF CLAIMS-MADE PREMIUM

- A. The annual claims made base rate for each nurse anesthetist is stated on the applicable State Rate page.

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 DEPARTMENT OF INSURANCE
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B. The claims made step factor for each nurse anesthetist shall be determined as follows:

1. If the nurse anesthetist is just entering practice, or the nurse anesthetist has continuously been insured under an occurrence policy, enter the step rate factor from the table at the year one (1) level.
2. If the nurse anesthetist has been insured under a claims-made policy, for one or more years immediately preceding the effective date of this coverage, or for reasons acceptable to the Company, had been uninsured, the following procedure shall apply:
 - a. determine the number of years in which the nurse anesthetist was covered under such claims-made policy(ies);
 - b. determine the number of years in which the nurse anesthetist was uninsured;
 - c. the sum of years developed in a. and b. shall be the base exposure. Fractional years of six months or more of base exposure shall be rounded to the next higher year; less than six months shall be rounded to the next lower year;
 - d. the sum of years developed in c. above shall be the Years of Prior Exposure. The table is entered at the total prior Years of Exposure, plus one.

The factors in the following table shall be applied to the full time rate, found on the State Page:

Step Rate Factors				
Year 1	Year 2	Year 3	Year 4	Year 5
.55	.80	.95	.99	1.00

C. Claims made premium is the result of (claims made base rate) X (increased limit factor) X (Step Rate Factor).

XV. CALCULATION OF OCCURRENCE PREMIUM

- A. The claims made annual base rate for each nurse anesthetist is stated on the applicable State Rate Page.
- B. A factor of **1.02** will be applied to the claims made rate to derive an occurrence rate when the occurrence coverage form is used.
- C. Occurrence premium is the result of (claims made base rate) X (increased limit factor) X (1.02).

XVI. ISO CLASSIFICATION CODES

Medical Specialty: Certified Registered Nurse Anesthetist

Specialty Code: 80960

XVII. EXTENDED REPORTING PERIOD COVERAGE (Claims Made Only)

If this policy is cancelled or non-renewed and subject to the following provisions, an extension period, for the purpose of reporting a claim, will be provided automatically for 60 days, and may be extended beyond that as governed by the following rules:

- A. The limits of liability may not exceed those afforded under the terminating policy.
- B. Extended Reporting Period Coverage will be available to the named insured shown on the certificate of insurance.

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- C. Should the named insured terminate coverage under this policy, and desire Extended Reporting Period Coverage beyond the automatic 60 days, notice must be given to the Company, along with payment of the applicable premium, within 60 days.
- D. The factor of **1.00** will be applied to the claims made rate in effect at the beginning of the current policy period to determine the ERP charge.
- E. Upon termination of coverage under this policy by reason of death, the deceased's unearned premium for this coverage will be waived and Extended Reporting Period Coverage will be granted for no additional charge.
- F. Upon termination of coverage under this policy by reason of disability by the named insured, Extended Reporting Period Coverage will be granted for no additional charge provided that, during the policy period, total and permanent disability occurs.
- F. Upon termination of coverage under this policy by reason of retirement, the named insured will be granted ERP at a discounted rate, subject to the ERP provisions of this policy and per the following schedule, provided that during the policy period, the named insured:
 - 1. retires; and
 - 2. is 55 years of age or older and has been consecutively insured by this Company for at least 1 year of claims-made coverage

Consecutive Years of Coverage	Discount
1	20%
2	40%
3	60%
4	80%
5	FREE

- G. The prior acts date of coverage with this Company will determine the years of prior exposure for Extended Reporting Period Coverage.
- H. Premium must be paid promptly when due.
- I. In the event the policy is canceled, any return premium due the named insured shall be credited toward the premium for Extended Reporting Period Coverage, if the named insured elects this coverage. If any premium is due for the period of time between the earlier of the policy's Prior Acts date or effective date and the termination date, any monies received by the Company from the named insured shall first be applied to the premium owing for the policy and then to the Extended Reporting Period Coverage.
- J. There is no right to any extended reported period coverage if this policy is cancelled for non payment of premium, non compliance with any of the terms and condition of this policy or for any misrepresentation or omission in the application for this policy.
- K. When an individual nurse anesthetist chooses to change their practice from full time to part time, a conversion charge, equal to 50% of the extended reporting charge, will apply.

XVIII. PRIOR ACTS COVERAGE (Occurrence only)

The policy may be extended to provide prior acts coverage as follows:

- A. The prior acts period may not exceed the term immediately preceding coverage under this policy during which similar coverage was continuously provided under a claims made policy,

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nor shall limits of liability exceed those of the claims-made policy or the occurrence policy to which the prior acts endorsement shall be applied.

- B. The premium for Prior Acts Coverage is a one time only charge calculated by applying the applicable factor from the table shown below to the \$100,000/300,000 non discounted base rate from the State Rate Page applicable to this policy.
- C. If the limit of liability under this coverage is other than \$100,000/300,000 claims made, premium developed under B above shall be adjusted by the appropriate increased limits factor and occurrence if applicable.
- D. The premium can be charged annually, but calculated in advance:
 - 1. Enter the Table at the appropriate Prior Acts Period; and
 - 2. Apply factor which corresponds to the desired number of years prior acts to the premium calculated above.

Prior Acts Period	1 st Year	2 nd Year	3 rd Year	Prepaid Factors
1 year prior	.36	.19	.10	.62
2 years prior	.48	.25	.14	.82
3 years prior	.51	.27	.15	.88
4 years prior	.53	.28	.15	.90
More than 4 years	.54	.28	.16	.92

- E. The prior acts charge will be waived when the insured chooses to convert an in-force claims-made policy to an occurrence policy subject to the following:
 - 1. No professional liability claims reported during the five years immediately preceding the effective date of occurrence coverage; and
 - 2. Any lapse in professional liability coverage with the Company does not exceed one year; and
 - 3. Payment in full of the applicable annual occurrence renewal premium.

XIX. RATE MODIFICATIONS

When a nurse anesthetist qualifies for more than one of the following rate modifications, the modification which results in the largest rate benefit to the nurse anesthetist should typically be applied. It is not the intent for more than one of the following rate modifications to be applied to the same insured during any single policy period.

A. Employed Coverage

Individual nurse anesthetists working solely for, or on behalf of their employer, are eligible for restricted coverage, and a rate credit of 33% of their applicable base rate. This credit is not available to entities.

B. Entity Coverage

It shall be permissible to provide coverage for eligible entities (sole proprietorship, partnership, corporation, S corporation, professional association or professional corporation) for liability arising from the practice of member nurse anesthetists insured by the Company. Such coverage may be provided either:

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1. On a shared limit liability basis with the nurse anesthetist, in which case no additional premium shall be charged; or
2. On a separate limit of liability basis. The limit of liability shall be equal to the highest limits provided to any one individual nurse practitioner. Additional premium shall be 10% of the total developed professional liability premium for each nurse anesthetist.

C. Locum Tenens

Coverage may be available to temporarily substitute for an insured nurse anesthetist, at shared limits of liability, for no additional premium charge.

D. Moonlighting

Individual nurse anesthetists, who are employed full time and performing their professional services in a non employed capacity less than 1001 hours annually, may be eligible for an exclusion of coverage for their employed activities at a reduced premium.

The credit would be applied as follows:

Up to 500 hours annually in a non employed capacity	65% credit
Up to 1000 hours annually in a non employed capacity	50% credit

E. Multiple State Practice

If a nurse anesthetist works in up to four (4) different states during the policy period, rates will be calculated as follows to determine a blended rate:

1. Determine the percentage of practice in each state;
2. Multiply the applicable state rate to the percentage of practice;
3. Add the result to determine the blended rate.

When a nurse anesthetists works in five (5) or more states, or when countrywide coverage is requested by the nurse anesthetist that allows the nurse anesthetist to waive notice to Company regarding state specific practice information, a flat rate will be assessed equal to the highest nurse anesthetist rate the Company has on file in any US jurisdiction.

F. New Graduate Discount

An individual nurse anesthetist, who has completed post graduate training within the previous twelve (12) months, and who is first entering full time practice is eligible for a discount as follows:

Year1: 50% credit
 Year2: 25% credit

The above credit does not apply if part time credit is also given.

G. Part Time

Individual nurse anesthetists working 20 or fewer hours per week (less than 1001 hours annually) may be eligible for a rate reduction of 50%.

H. Leave of Absence

Individual nurse anesthetists who must interrupt their practice but maintain an active license for a period of three (3) to twelve (12) months may be eligible for an 80% premium credit for the interruption period. The reduced rate may be applied retroactively to the first day of practice interruption if the Company is notified within ten (10) days. If the Company is notified

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at a later date, the discount may be applied as of the date the Company receives notice.
This credit will not apply to entities.

I. Slot Rating

An entity may use multiple nurse anesthetists contiguously to fill a single full time position, 2000 hours or less annually. A slot rate is equivalent to one full time rate. All of the individuals included in a single slot share a common retroactive date and share a single set of limits. A maximum of ten (10) individuals can be named within a single slot.

J. Schedule Rating

Based on the following risk characteristics, the maximum debit or credit produced by the addition of the debit and/or credit will not exceed 25%.

	<u>CREDIT</u>	<u>DEBIT</u>
1. Procedure Mix	0 – 25%	0 - 25%
Applicable to insureds whose procedures or practice specialties are primarily concentrated in areas other than their practice classification and/or specialty.		
2. Exposure Modification	0 - 25%	0 - 25%
Applicable to those insureds who have an increased or reduced exposure.		
3. Unusual Risk Characteristics	0 - 25%	0 – 25%

K. Vicarious Liability

An individual or entity may be eligible for vicarious professional liability coverage, on a shared limit basis, subject to a rate of 10% - 40% of the policy's professional liability premium.

L. Surcharges

A surcharge of the developed premium, before credits and debits, will apply when any of the following practice characteristics are present. The total of all surcharges will not exceed 25%.

1. Non Hospital Setting – A surcharge will apply to any individual or entity when a percentage of professional services are provided in a non hospital setting, as follows:

1% to 25%	10% surcharge
26% to 50%	15% surcharge
51% and greater	25% surcharge

2. High Risk Procedures – A surcharge will apply to any individual or entity when a percentage of the following high risk procedures are performed in a non hospital setting as follows:

Plastic/Cosmetic procedures to 25%	10% surcharge
Plastic/Cosmetic procedures 26% to 50%	15% surcharge
Plastic/Cosmetic procedures exceed 50%	25% surcharge
OB/GYN Services to 50%	15% surcharge
OB/GYN Services exceed 50%	25% surcharge

3. Practice Locations - A surcharge will apply to any individual or entity when professional services are provided in more than a single practice location as follows:

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 SPRINGFIELD, ILLINOIS

2 Locations	5% surcharge		5 Locations	20% surcharge
3 Locations	10% surcharge		6 or more locations	25% surcharge
4 Locations	15% surcharge			

4. Designated Recovery Area - A surcharge of 25% will apply to any individual or entity that indicates professional services are provided in a non hospital setting with no designated recovery area.
5. Background Review – A surcharge of 25% will apply to any individual or entity that indicates a history of license or certification issues, claims experience or chemical/substance abuse.

M. Convertible Option Rating Plan

Insured shall be provided this option, subject to underwriting guidelines, to convert from standard claims-made to occurrence coverage. The insured shall be eligible for conversion after the following conditions have been met:

1. Payment to the company of the applicable premium for a minimum of two claims-made policies.
2. Achieve two years of continuous claims-made coverage under this plan with no claims* attributed to the insured.

* A claim under this plan shall not be construed to include instances of mistaken identity, blanket defendant listings, improper inclusion, or non-meritorious or frivolous claims.

At the time the aforementioned conditions are met, and the insured elects to purchase occurrence coverage, the Company will issue an extension contract, covering services subsequent to the retroactive date and prior to the expiration of the claims-made policy, and will waive any premium that would normally be due for such extension.

The applicable premium under this plan shall be equal to the 100% of the manual occurrence premium that would otherwise be derived for the insured under this program. Should the insured be unable to meet the conditions for conversion, the insured may elect to purchase an extension contract subject to policy provisions. Refer to section XVII (Extended Reporting Period) to determine the applicable premium.

N. Safe Practice Credit

Individual nurse anesthetists will be eligible for a 5% credit when electing not to reuse needles, syringes or any parenteral device or supply used to inject medication or administer substance in contravention of the manufacturer's instruction or pertinent guidelines promulgated by the Center for Disease Control and Prevention or other state or federal agency or governmental authority.